

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6112

BILL NUMBER: HB 1984

DATE PREPARED: Dec 27, 2000

BILL AMENDED:

SUBJECT: Higher Education Scholarship Program.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Higher Education Scholarship Program to provide a \$250 per semester or \$2,000 lifetime scholarship for undergraduate study to individuals who: (1) are Indiana residents for two years; and (2) attend Indiana institutions of higher education, including proprietary institutions, for at least 12 hours per semester. It provides for the administration of the program by the State Student Assistance Commission and for funding from Lottery and gaming revenues.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill creates a scholarship fund for students who have been residents of Indiana for two consecutive years prior to beginning a course of study at a college or university in the state. The Commission for Higher Education reports that **94,626** resident undergraduate students are enrolled in state universities for the 1998-99 school year while about **27,476** students are resident undergraduates at independent colleges in the state. In total, **122,102** students would qualify for this scholarship. At \$500 per year, the annual cost would be an estimated **\$61,051,000**.

There would be some additional costs for SSACI to administer this program since over 100,000 students would likely qualify for the scholarship. Currently, these costs have not been determined. This fiscal note will be updated when these cost estimates are available.

The bill transfers from the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund (BIF) to the state General Fund an amount equal to the total dollar amount of scholarships awarded under the Indiana Higher Education Scholarship Program.

Under the current statute, surplus Lottery revenue is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, surplus Lottery revenue is then distributed to the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund.

The LGSA also receives surplus gaming revenues (revenues from the Riverboat Wagering Tax, the Parimutuel Wagering Tax, and the Charity Gaming Excise Tax). A statutorily determined amount of revenue in the LGSA is transferred each year to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. (Beginning with FY 2002 and continuing each year thereafter this amount is equal to approximately \$236.2 M.) The remaining money in the LGSA is then transferred to the State and Local Capital Projects Account (SLCPA). The table below outlines the actual and estimated Lottery and gaming revenue for FY 2000 to FY 2003, along with the required statutory distributions.

Surplus Lottery and Gaming Revenue & Distributions

Revenues & Distributions	FY 2000 (Actual)	FY 2001 (Projected)	FY 2002 (Projected)	FY 2003 (Projected)
Surplus Lottery Revenue	\$173.3	\$167.0	\$167.0	\$167.0
TRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
PRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
Surplus Lottery Revenue to the LGSA	\$113.3	\$107.0	\$107.0	\$107.0
Surplus Gaming Revenue to the LGSA	\$252.5	\$256.6	\$256.6	\$256.6
Interest	\$18.1	\$14.0	\$14.0	\$14.0
MVETRA Transfer	(\$219.8)	(\$234.7)	(\$236.2)	(\$236.2)
SLCPA Transfer	(\$164.1)	(\$142.9)	(\$141.4)	(\$141.4)
Current Balance (7/1/2000)	\$342.1			

The available balance of the Lottery and Gaming Surplus Account was \$342.1 M as of July 1, 2000. This bill would transfer approximately \$61 M annually to the scholarship program before any transfers would be made to the SLCPA.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Treasurer of State; State Budget Agency; State Student Assistance Commission.

Local Agencies Affected:

Information Sources: Lottery Commission; Indiana Gaming Commission; Commission for Higher Education.